#### ENSERCH EXPLORATION INC.

7800 Stemmons Frwy. Suite 500 Dallas, Texas 75247 214/630-8711

October 28, 1987

State of Utah Division of Oil, Gas & Mining 3 Traid Center, Ste 350 Salt Lake City, UT 84180

RE: Request for Location Exception Alkali Point State No. 1-16 1033' FNL & 1067' FEL (NE-NE) Section 16, T38S-R24E San Juan County, Utah State Lease No. ML-40406

Dear Sirs:

Attached is the application for permit to drill for the captioned well. An administrative location exception is requested as the proposed drill site does not meet state wide spacing rules. The well was located in this way for several reasons. The generally rough terrain in the area and the existence of a power line made it impossible to locate the well legally. In addition, the prospect is based on seismic and this location falls along the predicted trend.

All offsetting property within a radius of 460 feet, specifically the NW-NE, SW-NE and SE-NE quarter - quarters, are controlled by E.P. Operating Company through the captioned State lease.

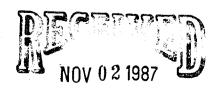
The granting of this request is greatly appreciated. If there are any questions or if additional information is required, please advise.

Very Truly Yours,

M. C. Kull

M.E. (Dusty) Kinchen Senior Drilling Engineer

MEK/cw



## DEPARTMENT OF NATURAL RES



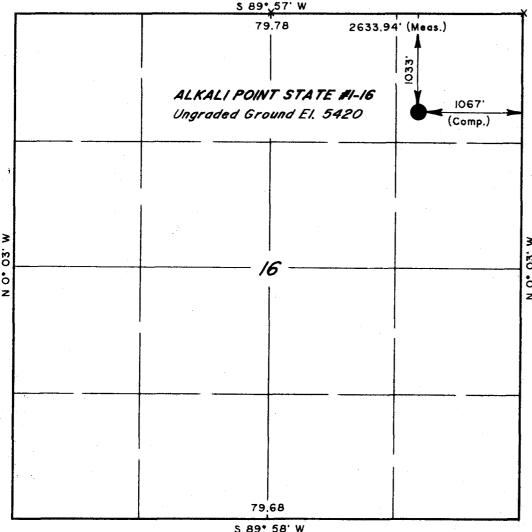
	DIVISI	ON OF OIL	., GAS, AND 🍇	MN900 021	987		5. Lease Designation and Serial No.
APPLICATION	FOR	PERMIT	TO DRILL	DEEPENVIORVI	DELI	G BACK	State ML - 40406  6. If Indian, Allottee or Tribe Name
1a. Type of Work			TO DICIELY	CIL. GAS & M	HEIR	C BACK	- N/A
	L K7		DEEPEN []			BACK 🗍	7. Unit Agreement Name
b. Type of Well			D221211		FLUG	BACK []	N/A
Oil G	as ell	Other	•	Single Zone		Multiple Zone	8. Farm or Lease Name
2. Name of Operator				20116		Zone —	Alkali Point State
E.P. Opera	ting C	ompany		214/630-8711	Ĺ		9. Well No.
3. Address of Operator	F	C:	500 5 5				1-16
7800 Stemmo	ons Fr	wy, Ste	500 Dalla	as, Tx 75247			10. Field and Pool, or Wildcat
4. Location of Well (Repo	ort location	n clearly and i	n accordance with a	ny State requirements.	*)		Wildeat Watch
1033' FNL	& 106	7' FEL (	NE-NE)				11. Sec., T., R., M., or Blk.
At proposed prod. zone Same		`					Section 16, T38S-R24E
					_		S.L.B. & M
14. Distance in miles and				<del>-</del> ;			12. County or Parrish 13. State
19 miles S		<u> </u>	, utan				San Juan, Utah
location to nearest property or lease line, (Also to nearest drig.		1033'		16. No. of acres in 1	lease	17. No. to th	of acres assigned is well 40
<ol> <li>Distance from propose to nearest well, drillin or applied for, on this</li> </ol>	d location g, complet lease, ft.	ted, N/A		19. Proposed depth	ih	20. Rotar Rot	y or cable tools ary
21. Elevations (Show whet	her DF, R	T, GR, etc.)					22. Approx. date work will start*
5420 GR							December 1, 1987
23.			PROPOSED CASI	NG AND CEMENTING	PRO	GRAM	
Size of Hole		e of Casing	Weight per F	oot Setting 1	Depth		Quantity of Cement
12-1/4"		<b>-</b> 5/8"	24#	2200			Circulate to Surface
7-7/8"	5	-1/2"	17#	6350'			1000' of Fill - Top 53!
Install all C	./4 in: 3-5/8	ch hole i inch x 11	L TRCD X 300	U DSI Wellhea	ıd aı	nd ninnla	ch casing in place.
preventer to 7-7/8 inch reaching T.E	1500 nole to	ram preve psi. Te o 6350 fe n open ho	enters and s est casing t eet, run dri ole radioact	urface equipm o 1000 psi pr ll stem test ive and elect	nent rior when	to 3000 to drill re shows o	psi. Test annular

\*See attached Drilling Program and Thirteen Point Surface Use Plan.

plugs will be set per State of Utah instructions.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give-pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any. Title Senior Drilling Engineer Date 10-27-87 APPROVED BY THE STATE 43-637-3136/ Approval Date OF UTAH DIVISION OF GAS, AND MINING Approved by..... Conditions of approval, if any:

#### T 38 S . R 24 E . S.L.B. & M.



X = Located Section Corners Brass Caps

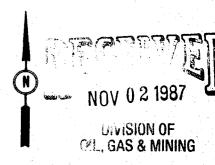
#### PROJECT

#### E.P. OPERATING CO.

WELL LOCATION, ALKALI POINT STATE #1-16. LOCATED AS SHOWN IN THE NET NET OF SECTION 16 , T 38 S , R 24 E , S.L.B. & M. , SAN JUAN, COUNTY, UTAH.

#### BASIS OF ELEVATION

SPOT ELEVATION AT A DRY HOLE MARKER LOCATED IN THE SE SW OF SECTION 9 , T 38 S , R 24 E , S.L.B. & M. , TAKEN FROM THE MONTEZUMA CREEK IS MINUTE TOPOGRAPHICAL QUADRANGLE MAP, UTAH - SAN JUAN CO., PUBLISHED BY THE U.S. DEPT. OF THE INTERIOR, GEOLOCICAL SURVEY IN 1962. SAID ELEVATION IS MARKED AS BEING 5375...



#### CERTIFICATE

THIS IS TO CERTIFY THAT. THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

> REGISTERED LAND SURVEYOR REGISTRATION Nº 3137

STATE OF UTAH

#### UINTAH ENGINEERING & LAND SURVEYING P. O. BOX Q - 85 SQUTH - 200 EAST VERNAL. UTAH - 84078

SCALE  " = 1000'	DATE 10-7-87
PARTY RK KH DLS	REFERENCES GLO
WEATHER FAIR	FILE EP OPERATING

#### LIST OF ATTACHMENTS

Conditions of Approval for Permit to Drill

- A. Drilling Program
- B. Thirteen Point Surface Use Plan

Minimum Blowout Preventer Requirements Well Site Layout - Cuts and Fills Topographic Maps - Directions to Location



#### A. Drilling Program

#### 1. Surface Formation and Estimated Formation Tops:

Morrison	Surface
Chinle	
Cutler	
Hermosa	4,950'
Ismay	5,930'
Desert Creek	6,170'
Akah	6,265'
Paradox Salt	6,280'
Chinle Cutler Hermosa Ismay Desert Creek Akah	5,930' 6,170' 6,265'

## 2. Expected Depth at Which Oil, Gas, Water or Other Mineral Bearing Zones are Expected to be Encountered:

	Formation	<u>Depth</u>
Expected Oil Zones:	Ismay Desert Creek	5930' 6170'

Expected Gas Zones: Gas could be produced from oil zones.

All fresh water and prospectively valuable minerals encountered during drilling, will be recorded by depth, cased, and cemented. All oil and gas shows will be tested to determine commercial potential.

#### 3. Pressure Control Equipment:

See Minimum Blowout Prevention Equipment - Exhibit "A"

BOP systems will be consistent with API RP 53. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. Blowout preventer controls will be installed prior to drilling the surface casing plug and will remain in use until the well is completed or abandoned. Preventers will be inspected and operated at least daily to ensure good mechanical working order, and this inspection recorded on the daily drilling report. Preventers will be pressure tested before drilling casing cement plugs. All BOP equipment will be tested to full working pressure with the exception of the annular preventer which will be tested to 50%.

Working pressure of blowout prevention equipment will be a minimum 3000 psi.

#### 4. Casing Program and Auxiliary Equipment:

#### CASING PROGRAM:

<u>Size</u>	Grade	<u>Weight</u>	Condition	<u>Depth</u>	Cement Top
8-5/8"	K55	24#	New	0' - 2200'	Surface
5-1/2"	K55	17#	New	0' - 6350'	1000' of fill (to 5350')

Anticipated cement tops will be reported as to depth, not the expected number of sacks. Casing will be tested to 0.2 psi/ft or 1000 psi, whichever is greater.

#### AUXILIARY EQUIPMENT

- a. A lower kelly cock will be kept in the string.
- b. A full opening safety valve will be kept on the floor to be stabbed into the drill pipe when the kelly is not in the string.
- c. A mud logging unit with gas detecting equipment will be used from 4500 feet to total depth to monitor the mud system.

5. Mud Program and Circulating Medium:

Depth Interval	Mud Type	Mud Weight (ppg)	Viscosity (sec./qt)	Water Loss (cc)
0' - 2200'	Fresh Water Gel/Lime	8.6 - 9.0	32 - 40	NC
2200' - 4500'	Fresh Water Gel/Lime	8.6 - 9.2	36 - 40	NC
4500' - 6350'		9.0 - 11.0	36 - 45	8 - 15

Adequate stocks of sorptive agents and weighting materials will be on-site to handle any anticipated down-hole problems as well as possible spills of fuel and oil on the surface.

#### 6. Coring, Logging and Testing Program:

Coring: None

Testing: Drill stem tests are anticipated for the Ismay and Desert

Creek and will be run as shows dictate.

Logging: DIL/GR/SP T.D. to base of surface casing Sonic/GR/Cal T.D. to base of surface casing

CN/CD/GR/Cal T.D. to 4000!

#### 7. Abnormal Conditions, Bottom Hole Pressure and Potential Hazards:

Anticipated Bottom Hole Pressure: ±2000 psi

There have been no major potential hazards or abnormal conditions reported on area wells. Water flows have been encountered on some wells but have been easily controlled by increasing mud weights with either salt (NaC1) or barite. Both agents will be maintained in stock on location.

#### 8. Anticipated Starting Dates and Notifications of Operations:

Anticipate beginning operations as soon as APD is approved, wish to commence by December 1, 1987.

The duration of drilling operations will be approximately 20 days.

#### B. THIRTEEN POINT SURFACE USE PLAN

- 1. Existing Roads: See attached map
  - a. Proposed well is located 19.0 miles southeast of Blanding, Utah as shown on maps "A" and "B".
  - b. Existing roads will be maintained in present condition.
  - c. An encroachment permit will be obtained from the San Juan County Road Department.
- 2. Planned Access Roads: See attached map

No access road will be constructed as the location falls next to San Juan County Road 209.

3. Location of Existing Wells: 1 mile radius

Abandoned Wells -

a. Well Name: Bug Canyon No. 1 Operator: H.K. Bartlett

Location: SE-SW Section 9, T38S-R24E

b. Well Name: Cave Canyon No. 1Operator: Mountain Fuel Supply

Location: SE-SW Section 10, T38s-R24E

c. Well Name: Grayberg-State No. 1 Operator: Columbine Exploration

Location: SE-NE Section 16, T38S-R24E

d. Well Name: Alkali Point Unit No. 1-9

Operator: E.P. Operating Co.

Location: NE-SW Section 9, T38S-R24E

#### Location of Existing Wells: Continued

e. Well Name: Oles-Federal No. 1

Operator: Davis Oil

Location: SE-NW Section 15, T38S-R24E

#### 4. Location of Tank Batteries and Production Facilities:

All permanent (on site for 6 months or longer) above ground facilities (including pump jacks) will be painted a flat, nonreflective, earthtone color to match the standard environmental colors. All facilities will be painted within 6 months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The color will be neutral.

If a tank battery is constructed on this lease, it will be surrounded by a dike of sufficient capacity to contain 1-1/2 times the storage capacity of the battery.

All loading lines will be placed inside the berm surrounding the tank battery. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed.

Gas meter runs for each well will be located within 500 feet of the wellhead. The gas flowline will be buried from the wellhead to the meter and 500 feet downstream of the meter run or any production facilities. Meter runs will be housed and/or fenced.

The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place before any deliveries. Tests for meter accuracy will be conducted monthly for the first 3 months on new meter installations and at least quarterly thereafter. All meter measurement facilities will conform with the API standards for liquid hydrocarbons and the AGA standard for natural gas measurement.

#### 5. Location and Type of Water Supply:

The water source to be used to drill this well is Gore's Pond located North 531' & West 1810' from the west quarter corner in section 1, T38S-R24E. San Juan County. Water users claim No. 09 - 156; application No. 23462; Certificate No. 7854.

11/4/87 (Le sur many, Water Right, need temporary change from imagetion to drilling.)

6. Source of Construction Material:

Pad Construction material will be obtained from native materials accummulated during construction.

#### 7. Methods of Handling Waste Disposal:

The reserve pit will be lined with commercial bentonite sufficient to prevent seepage. At least half of the capacity will be in cut.

Three sides of the reserve pit will be fenced with four strands of barbed wire before drilling starts. The fourth side will be fenced as soon as the drilling is completed. The fence will be kept in good repair while the pit is drying.

A trash cage will be used to contain trash accummulated during operations. The road and pad will be kept litter free.

A burning permit will be obtained from the San Juan County Sherrif (801) 587-2237 if trash burning is to occur between May 1 and October 31.

Produced waste water will be confined to a lined pit for a period not to exceed 90 days after initial production. During the 90 day period an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted.

#### Ancillary Facilities:

Camp facilities will not be required. Temporary trailers will be moved on the house the tool pusher, company personnel and the mud logger.

#### 9. Well Site Layout: See attached Layout

The location to be constructed is the "Alternate" as described at the onsite. The reserve pit will be located on the west side.

The top 4 inches of soil material will be removed from the location and sotckpiled separate from the trees on the west side.

Access to the well pad will be from the east.

#### 10. Reclamation:

- a. Immediately on completion of drilling, all trash and debris will be collected from the location and surrounding area. All trash and debris will be disposed of in the trash cage and will then be hauled to the nearest sanitary land fill.
- b. Before any dirt work to restore the location takes place, the reserve pit must be completely dry.

#### 10. Reclamation: continued

- c. All distrubed areas will be recontoured to blend as nearly as possible with the natural topography. This includes removing all berms and refilling all cuts.
- d. The stockpiled topsoil will be spread evenly over the disturbed area. All disturbed areas will be ripped 12 inches deep with the contour.
- e. Water bars will be built as follows to control erosion.

<u>Grade</u>	Spacing
2%	Every 200 feet
2-4%	Every 100 feet
4-5%	Every 75 feet
5+%	Every 50 feet

- f. Seed will be broadcast between October 1 and February 28 as prescribed by the state. A harrow or similar implement will be dragged over the area to assure seed cover.
- g. After seeding is complete, the stockpiled trees will be scattered evenly over the disturbed areas.
- h. The reserve pit and that portion of the location and access road not needed for production or production facilities will be reclaimed as described in the re-clamation section. Enough topsoil will be kept to reclaim the remainder of the location at a future date. This remaining stockpile of topsoil will be seeded in place using the prescribed seed mixture.
- 11. Surface Ownership: State of Utah

Mineral Ownership: State of Utah

#### 12. Other Information:

A cultural resource survey clearance was granted. The survey report will be submitted to the State of Utah.

The dirt contractor will be provided with an approved copy of the surface use plan.

If subsurface cultural materials are exposed during construction, work in that spot will stop immediately. All people who are in the area will be informed by the operator/holder that they are subject to prosecution for disturbing archaeological sites or picking up artifacts.

#### 13. Lessee's or Operators Representatives and Certification:

#### Operators Representative:

Jack L. Sledge Regional Drilling Manager

And

M.E. (Dusty) Kinchen Senior Drilling Engineer

For

E.P. Operating Company 7800 Stemmons Frwy, Ste 500 Dallas, Tx 75247

Phone: 214/630-8711

#### CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route, that I am familiar with the conditions which currently exist, that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by

#### E.P. Operating Company

and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

10-28-87

Date

M.E. Kinchen

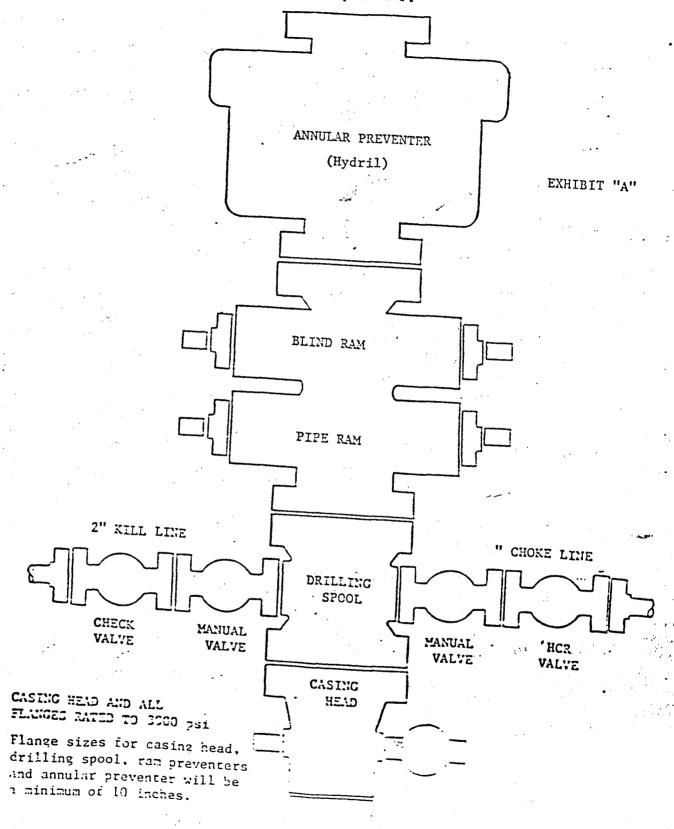
Senior Drilling Engineer

ON-SITE:

DATE: October 9, 1987

MEK/cw 10-27-87 ENSERCH EXPLORATION, INC
MINIMUM REQUIREMENTS FOR BLOW-OUT PREVENTION EQUIPMENT

3000 psi W. P.



### MINIMAL RETUIREMENTS FOR CHOKE MANIFOLD 3000 psi W. P.

EXHIBIT "A" Continued

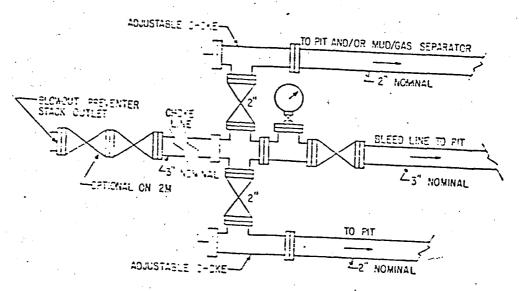
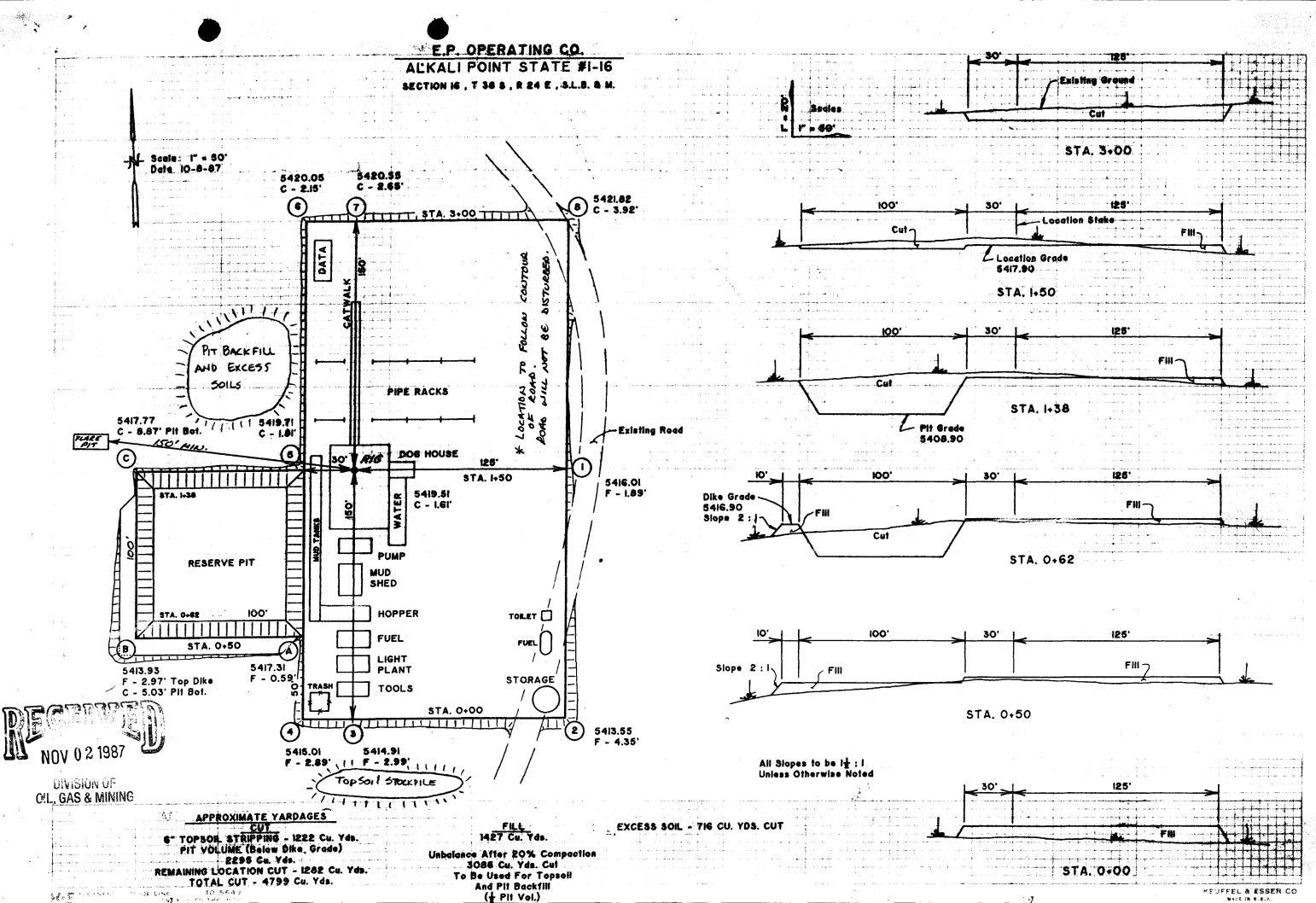


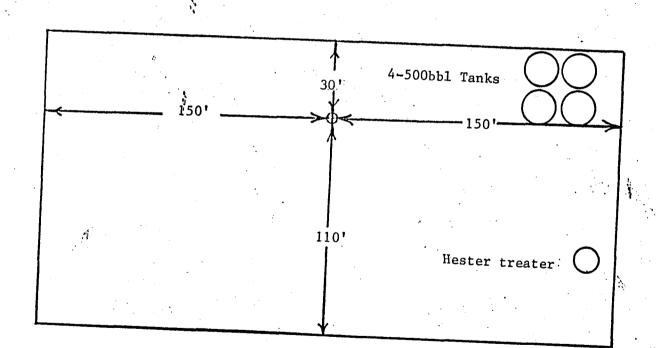
FIG. 3.A.1

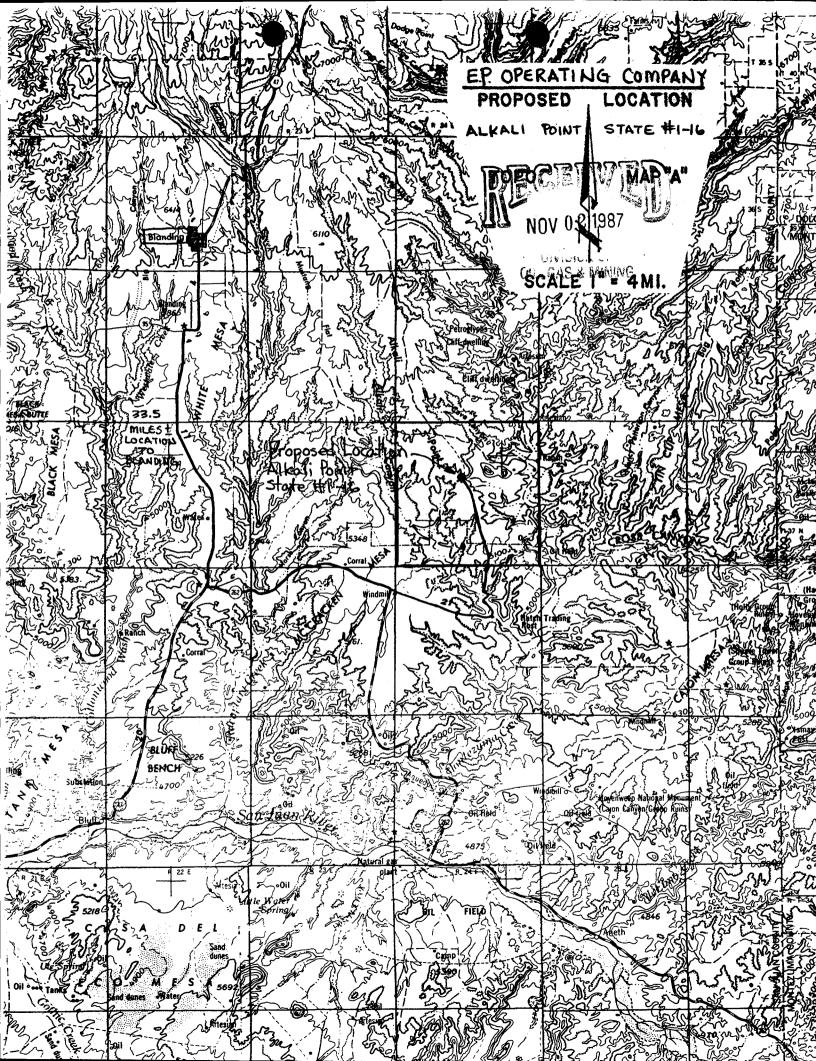
TYPICAL CHOKE MANIFOLD ASSEMBLY
FOR 2M AND 3M RATED WORKING
PRESSURE SERVICE — SURFACE INSTALLATION

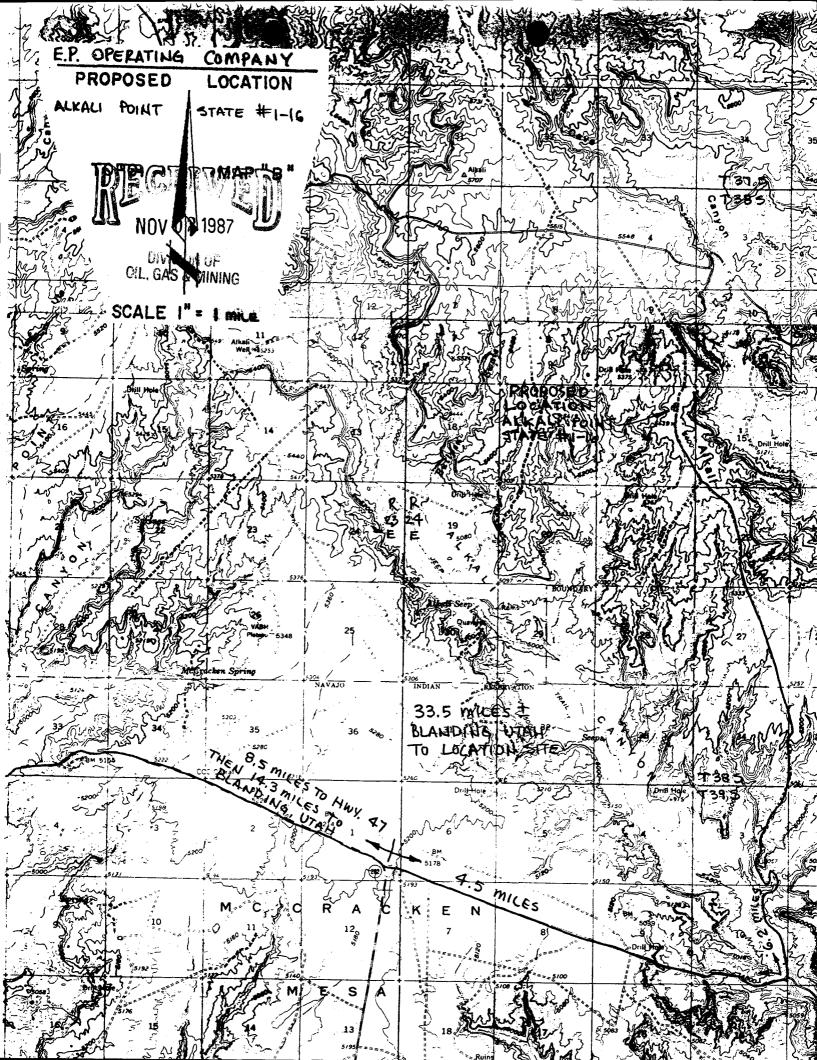


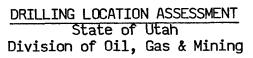
Alkali Point Unit No.1-16

scale: 1"=50'









OPERATOR: E.P. OPERATING COMPANY WELL NAME: ALKALI POINT STATE 1-16
QTR/QTR: NENE SECTION: 16 TWP: 38 SOUTH RANGE: 24 EAST
COUNTY: SAN JUAN FIELD: HATCH 1033' F.N.L. 1067' F.E.L.
SFC OWNER: STATE LEASE #: ML-40406
SPACING: F SECTION LINE F QTR/QTR LINE F ANOTHER WELL
INSPECTOR: CHIP HUTCHENSEN DATE & TIME: 10-09-87; 10:15a
PARTICIPANTS: WILLIAM MOORE, DOGM; BOB SUTHERLAND, SUTHERLAND BROS.; FLOYD PATTERSON,
PERRY & McDONALD CONST.; DUSTY KINCHER, E.P.OPERATING.
REGIONAL SETTING/TOPOGRAPHY: BLANDING BASIN OF THE COLORADO PLATEAU. 6 MILES NORTH OF
HATCH TRADING POST ON NORTH-SOUTH RUNNING EROSIONAL MESA REMENANTS OF THE GREAT SAGE
PLAIN.
LAND USE
ALTERNATION AND ADDRESS OF A PRINCE OF ATTAIN
CURRENT SURFACE USE: OPEN RANGE GRAZING.
PROPOSED SURFACE DISTURBANCE: ABOUT 155X300' PAD WITH 100X100X10' PIT EXTENSION WEST OF
PAD.
rau.
AFFECTED FLOODPLAINS AND/OR WETLANDS: NONE
A. 1 20 (25 ) 2 21 (6 ) (10 )
FLORA/FAUNA: SAGE, CEDAR, NATIVE GRASSES, RABBITS, DEER, BIRDS, MORMON TEA, YUCCA.
ENVIRONMENTAL PARAMETERS
GEOLOGY
SOIL TYPE AND CHARACTERISTICS: REDDISH SANDY SILT ON BEDROCK OUTCROP. THREE FEET TO
TO LESS THAN 6" IN AREAS.
SURFACE FORMATION & CHARACTERISTICS: DAKOTA YELLOWISH BROWN SANDSTONE.

EROSION/SEDIMENTATION/STABILITY: STABLE AND FAIRLY RESISTANT TO EROSION.
SUBSURFACE GEOLOGY
OBJECTIVE(S)/DEPTH(S): ISMAY-5930'; DESERT CREEK 6170'
ABNORMAL PRESSURES - HIGH AND LOW: DESERT CREEK MAY BE OVERPRESSURED OIL ZONE;
AKAH MAY BE OVERPRESSURED SALTWATER ZONE.
CULTURAL RESOURCES/ARCHAEOLOGY: NEED ARCH. CLEARANCE ON STATE LANDS.
SOME FLOAT OBSERVED IN AREA TO SOUTHEAST.
WATER RESOURCES: INTERMITTENT DRAINAGE AT SOUTHWEST CORNER OF PIT. GROUND WATER GREATER
THAN 30'. NO WATER WELLS KNOWN IN AREA.
RESERVE PIT
CHARACTERISTICS: 100X100X10' PIT IN ROCK OUT CROP OF SANDSTONE.
LINING: 2#/SQ.FT. COMMERCIAL BENTONITE MINIMUM WITH INSPECTION BEFORE PLACING FLUIDS IN
PIT.
MUD PROGRAM: 0-2200' FRESH WATER/GEL; 2200-4500' FRESH WATER/GEL; 4500-6350' FRESHWATER/
SALT WATER.
DRILLING WATER SUPPLY: GORE'S POND WATER USERS CLAIN No. 09-156; APPLICAITON No. 23462
CERTIFICATE No. 7854.
OTHER OBSERVATIONS: PICTURE #22-24 BY W. MOORE. WILL HAVE TO BLAST PIT.
FLOAT POTTERY SEEN ABOUT 100'SW OF SITE.
TEOM TOTAL SEED OF THE SEED OF
STIPULATIONS FOR APD APPROVAL: LINE PIT WITH MINIMUM 2#/SQ.FT. COMMERCIAL BENTONITE
MAKING SURE FRACTURES FROM BLASTING ARE SEALED. NOTIFY DIVISION 48HR PRIOR TO PLAC-
ING FLUIDS IN PIT TO ENABLE OPPORTUNITY TO INSPECT LINER.
110 1 20200 111 1 1 10 2 10 2 2 0 1 0 1

ATTACHMENTS

## CONFIDENTIAL

## 110901

OPERATOR	E. P. Open	atina 60.		DATE //-	4-87
WELL NAME_	E. P. Oper Alkali +	oint State	1-16		
	6 16 T 38_			7 -	
	43-037- 313 API NUMBER	361	) Jestin	le OF LEASE	
CHECK OFF:		./			
	PLAT	V	BOND		NEAREST WELL
	LEASE	/	FIELD		POTASH OR OIL SHALE
PROCESSING	comments:	M Sec. 16.			·
	· ·			CONFIDENTIAL	
Exc	exten requ	eted.		PERIOD EXPIRED ON 9.09.89	_
APPROVAL L	ETTER:				
SPACING:	R615-2-3	UNI	Ť .	Ré	515-3-2
		CAUSE NO.	& DATE	Re	515-3-3
STIPULATION I - W					
2-5	State history	· ·			
3-	The reserve	pit shall	be lined	with a	minimum
	f 2 lbs.			and the second s	//
	bentouite.				
		•			_
	Sealed wit	h living	material.		adequately
<sup>0218T</sup> ≠.	The operator	of shall	notify t	the Divis	ion 48 hous blow inspects Moab, Ph. 259-815
	of lives	. Contact	Chip Hur	telinem 1	Moab Ph 259-815

Norman H. Bangerter, Governor Dee C. Hansen, Executive Director Dianne R. Nielson, Ph.D., Division Director

:55 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

November 6, 1987

E. P. Operating Company 7800 Stemmons Freeway, Suite 500 Dallas, Texas 75247

#### Gentlemen:

Re: Alkali Point State 1-16 - NE NE Sec. 16, T. 38S, R. 24E 1033' FNL, 1067' FEL - San Juan County, Utah

Approval to drill the referenced well is hereby granted in accordance with Rule R615-3-3, Oil and Gas Conservation General Rules, subject to the following stipulations:

- 1. Prior to commencement of drilling, receipt by the Division of evidence providing assurance of an adequate and approved supply of water as required by Chapter 3, Title 73, Utah Code Annotated.
- 2. Prior to any ground-disturbing activity on state lands or lands owned or controlled by the state or its subdivisions, a cultural resource clearance report must be filed with and approved by the Division of State History, phone (801) 533-4563. A list of acceptable archaeological contractors is available from the Division of State History.
- 3. The reserve pit shall be lined with a minimum of 2 lbs. per sq. ft. of dry commercial bentonite. The operator shall ensure that fractures remaining from blasting of pit are adequately sealed with lining material.
- 4. The operator shall notify the Division 48 hours prior to placing fluids in the pit to allow inspection of liner. Contact Chip Hutchinson, Moab, Phone 259-8151.

In addition, the following actions are necessary to fully comply with this approval:

1. Spudding notification to the Division within 24 hours after drilling operations commence.

Page 2 E. P. Operating Company Alkali Point State 1-16 November 6, 1987

- 2. Submittal of an Entity Action Form to the Division within five working days of the time that the well is spudded or a change in operations or interests necessitates a change in entity status.
- 3. Submittal to the Division of completed Form OGC-8-X, Report of Water Encountered During Drilling.
- 4. Prompt notification to the Division should you determine that it is necessary to plug and abandon this well. Notify John R. Baza, Petroleum Engineer, (Office) (801) 538-5340, (Home) 298-7695, or R. J. Firth, Associate Director, (Home) 571-6068.
- 5. Compliance with the requirements of Rule R615-3-22, Gas Flaring or Venting, Oil and Gas Conservation General Rules.
- 6. Prior to commencement of the proposed drilling operations, plans for toilet facilities and the disposal of sanitary waste at the drill site shall be submitted to the local health department having jurisdiction. Any such drilling operations and any subsequent well operations must be conducted in accordance with applicable state and local health department regulations. A list of all local health departments and copies of applicable regulations are available from the Division of Environmental Health, Bureau of General Sanitation, telephone (801) 538-6121.
- 7. This approval shall expire one (1) year after date of issuance unless substantial and continuous operation is underway or an application for an extension is made prior to the approval expiration date.

The API number assigned to this well is 43-037-31361.

Sincerely,

R. L.J. Firth

Associate Director, Oil & Gas

as Enclosures

cc: State Lands & Forestry

Branch of Fluid Minerals
D. R. Nielson

## DIVISION OF OIL, GAS AND MINING

#### SPUDDING INFORMATION

		API #43-037-31361
NAME OF COMPANY: E.P. OPERATING	COMPANY	33. 31001
WELL NAME: ALKALI POINT ST	ATE #1-16	
SECTION NENE 16 TOWNSHIP 38S		COUNTYSAN JUAN
DRILLING CONTRACTOR EXETER		
RIG #68		
SPUDDED: DATE 6/14/88		
TIME		
HowROTARY	-	
Port of the Committee		
DRILLING WILL COMMENCE		
REPORTED BY DAVID WILSON	•	
TELEPHONE # 303-565-5007		
DATE 6/15/88	SIGNED_	TAS

STATE OF UTAH DIVISION OF O	DECENVED
ENTITY ACTION	- JUN 23 1988

E.P. Operating Company OPERATOR 7800 Stemmons - Ste.500 ADDRESS . Dallas, TX 75247

N 0400

PHONE NO. 214,630-8711

DIVISION OF OIL, GAS & MINING

CODE	CURRENT ENTITY NO.	NEW	API NUMBER	ELL OR WHEN CHANGE IN OPERATIONS OR I				LOCATION		SPUD	EFFECTIVE	
					90	SC .	TP	RG	COUNTY	DATE	DATE	
Α .	99999	,	43-037-31361	Alkali Point State No.1-16	NENE	16	38S	24E	San Juan	6-14-88		
COMMENTS:	State L Propose Field-	ease ed Zone-Al Hatch	kah (only a Assign	e Unit well in section 16) new entity number 6/24/88.	fcr.							
OMMENTS:									-	· .		
								:	-			
OMMENTS:		·										
						·						
OMMENTS:					<del>   </del>							
											<u> </u>	
OMMENTS:									· · ·			

ACTION CODES: A - ESTABLISH NEW ENTITY FOR NEW WELL (SINGLE WELL ONLY)

B - ADD NEW WELL TO EXISTING ENTITY (GROUP OR UNIT WELL)

C - RE-ASSIGN WELL FROM ONE EXISTING ENTITY TO ANOTHER EXISTING ENTITY

D - RE-ASSIGN WELL FROM ONE EXISTING ENTITY TO A NEW ENTITY

E - OTHER (EXPLAIN IN COMMENTS SECTION)

(SEE INSTRUCTIONS ON BACK OF FORM)

Jack L. Sledge Regional Drilling Manager

## STATE OF UTAH

DEPARTMENT OF NATURAL RESO	OURCES		
DIVISION OF OIL, GAS, AND MI	NING	5. LEASE DESIGNATION	AND SERIAL NO.
		State ML-40	406
SUNDRY NOTICES AND REPORTS (Do not use this form for proposals to drill or to deepen of the Use "APPLICATION FOR PERMIT—" for the contract of		6. IF INDIAN, ALLOTTEE N/A	
OIL WELL OTHER	JUL 22 1988	7. Unit agreement na N/A	M3
2. NAME OF OPERATOR	STAICION OF	8. FARM OR LEASE NAM	<b>3</b>
E P Operating Company (303) 831-1616	DIVISION OF	Alkali Poir	it State
S. ADDRESS OF OPERATOR	OIL, GAS & MINING	9. WELL NO.	
1700 Lincoln St., Ste. #3600, Denver, CO	80203	#1-16	
4. LOCATION OF WELL (Report location clearly and in accordance with any See also space 17 below.)	State requirements.	10. FIELD AND POOL, OF	WILDCAT
At surface	•	Wildcat	
1033' FNL, 1067' FEL		Sec. 16, T3	
14. API NUMBER 15. BLEVATIONS (Show whether DE	, RT, GR, etc.)	12. COUNTY OF PARISH	18. STATE
H3-037-3136 5422' GL, 543	4' KB	San Juan	Utah
16. Check Appropriate Box To Indicate N	lature of Notice, Report, or C	Other Data	
NOTICE OF INTENTION TO	BURERUS	UNIT REPORT OF:	
TEST WATER SHUT-OFF PULL OR ALTER CASING	WATER SHUT-OFF	REPAIRING W	PRELL
FRACTURE TREAT MULTIPLE COMPLETE	FRACTURE TREATMENT	ALTERING CA	SING
SHOOT OR ACIDIZE	SHOOTING OR ACIDIZING	ABANDONMEN	T-
REPAIR WELL CHANGE PLANS	(Other) Progress I	Report	X
(Other)	(NOTE: Report results	of multiple completion detion Report and Log for	n Well
17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinen proposed work. If well is directionally drilled, give subsurface local nent to this work.)*			

On July 13, 1988 E P Operating Company began completion operations on the Alkali Point State #1-16.

- 1. Perforated Desert Creek formation from 6243'-6251', 4 SPF with 4" casing gun.
- 2. Broke down perforations with 500 gallons 15% HCL acid with additives dropping 48 balls. Flowed and swabbed back treating fluid. On last pull recovered a trace of oil.
- 3. Acidized perforations with 5000 gallons 28% HCL with additives and liquid nitrogen, forming 40-60 quality foam. Flowed and swabbed back treating fluid. Recovered approximately 10 BO with some gas.
- 4. Preparing to run pressure build-up.

$\Lambda$ $\Lambda$ $\Lambda$		
18. I hereby certify that the foregoing is true and correct		
SIGNED Gree Benton	TITLE Petroleum Engineer	DATE 7/19/88
(This space for Federal or State office use)		
APPROVED BY	TITLE	DATE



STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING 3 TRIAD CENTÉR, SUITE 350 SALT LAKE CITY, UT 84180-1203

DIVISION OF OIL, GAS & MINING

#### REPORT OF WATER ENCOUNTERED DURING DRILLING

the 11 Name & Number A71-71. Declared			43-037-3136
Well Name & Number Alkali Point State N Operator EP Operating Company	7	7800 Stemmons Dallas, TX	Frwy, Ste 500
Contractor Exeter	Address	1670 Broady	vay, Ste 3400
Location NE 1/4 NE 1/4 Sec. 16	T38S	R. 24E	County San Juan
Water Sands			·
<u>Depth</u> <u>Volum</u>	<u>ne</u>	Q	uality
From To Flow Rate	or Head	Fres	h or Salty
1No water encountered			
2			
3			-
4			
5			
(Continue on reverse	side if ned	cessary)	
Formation Tops	-		
Remarks			

- NOTE: (a) Report on this form as provided for in Rule 806, Oil and Gas Conservation General Rules.
  - If a water analysis has been made of the above reported zone, (b) please forward a copy along with this form.

## STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING

DIVISION OF	OIL, GAS, AND MINING		5. LEARE DESIGNATION AND SERIAL NO. State ML-40406
SUNDRY NOTICES A (Do not use this form for proposals to dr Use "APPLICATION FO	ill or to deepen or plugiback to R PERMIT—" for such the possis.		6. IF INDIAN, ALLOTTES OR TRIBE NAME  N/A
OIL GAS OTHER	GU SE	EP 6 1988	7. UNIT AGREEMENT NAME N/A
E P Operating Company (303)	831–1616	DIVISION OF GAS & MINING	8. FARN OR LEASE NAME Alkali Point State
3. ADDRESS OF OFFRATOR 1700 Lincoln St., Ste. #360	0, Denver, CO 80203	3	9. WHIL NO. #1-16
<ol> <li>LOCATION OF WELL (Report location clearly and See also space 17 below.)</li> <li>At surface</li> </ol>	in accordance with any State re	equirements.*	10. FIELD AND POOL, OR WILDCAT Wildcat 11. SEC., T., E., M., OR SLE. AND
1033' FNL & 1067' FEL	Manufactures and the second	e commente c	Sec. 16, T38S, R24E
43-037-3/36/	VATIONS (Show whether DF, RT, GR,		12. COUNTY OR PARISH 18. STATE
	5422 GL, 5434		San Juan Utah
6. Check Appropria	te Box To Indicate Nature	of Notice, Report, or C	Other Data
NOTICE OF INTENTION TO:		DESEUR	TENT REPORT OF:
	COMPLETE	WATER SHUT-OFF FRACTURE TREATMENT SHOOTING OR ACIDIZING	REPAIRING WELL ALTERING CLEING ABANDONMENT*
REPAIR WELL CHANGE P	LANS	(Other)  (Norz: Report results Completion or Recompl	of multiple completion on Well etion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

On July 13, 1988 E P Operating Company attempted to complete the Alkali Point State #1-16 in the Desert Creek formation from 6243'-6251'. After reviewing the post stimulation build-up data, E P Operating Company requests approval to abandon this well as follows:

- 1. Set CIBP @ 6230'± with 50' cement on top.
- Perforate @ 2250' and pump 100' cement plug, both inside and out (or if 15.5 casing is pulled, set 100' cement plug 50' in and 50' out of pulled pipe).
- 3. Place 100' plug @ surface.

4. Cut off casing, set dry	hole marker	and recla	im location.		
18. I hereby certify that the thregoidg is true and cor	rect				
signed (Mg) and (Mg)	TITLE	<u>Petroleum</u>	Engineer	DATE 8/30/88	
(This space for Federal or State office use)  APPROVED BY CONDITIONS OF APPROVAL, IF ANY:	TITLE			EDABY THE ST	
		_ :		AH DIVISION C AS, AND MININ	
	*See Instruction	s on Reverse S	BY: July	ROLL	
					and the second process of the filter and second for

OPERATOR: E P Operating (pany
WELL MAKE & NO: Alkali Point State #1-16
FIELD Wildcat
COUNTY San Juan STATE Utah
DATE 8/30/88

	I	I	1	1
	CA:	·		
Size	8 5/8"	5 1/2"		
Weight	24#	15.5#		
Grade	K-55	K-55		
Thread	STC	LTC		
Depth	2200 <b>'</b>	6314		

2200

Pumped 580 sacks class "B". Circulated cement to surface.

Top cement 2970'.

- 3528' DV Tool. Pumped 415 sacks of 50/50 POZ

- Top cement 5523'

6243

Perforate Desert Creek with 4" casing gun @ 4 SPF.

Pumped 210 sacks of class "H".

## STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OUL GAS AND MINING

DIVISIO	ON OF OIL, GAS, AND MI	NING	5. LEASE DESIGNATION AND SERIAL NO.
		Control for land and lance and	State ML-40406 6. IF INDIAN, ALLOTTES OR TRIBS NAME
SUNDRY NOT	ICES AND REPORTS	DE (MERTA / N. ) E. / U.	
SUNDRY NOTICES AND REPORTS  (Do not use this form for proposels to delile to despete or share the control of proposels to delile to despete or share the control of proposels to delile to despete or share the control of proposels to delile to despete or share the control of proposels to delile to despete or share the control of the con	N/A		
		OCT 12 1988	7. UNIT AGREEMENT NAME
WELL WELL OTHER		001121300	
	(915) 682-9756	DIVISION OF	Alkali Point State
	(713) 002 7730		
SUNDRY NOTICES AND REPORTS  (Do not use this tour for proposals to drill or to deepen or distributed to the work for proposals to drill or to deepen or distributed to the work for proposals to drill or to deepen or distributed to the work for proposals to drill or to deepen or distributed to the work for the proposals to drill or to deepen or distributed to the work for the proposals to drill or to deep or or distributed to the work for the proposals to drill or the proposals of the deep or or the proposal of the deep or or the deep of the proposal of the deep or the deep of the deep or the deep of the deep or the deeep or the deep or	#1-16		
SUNDRY NOTICES AND REPORTS  (Do not use this torm for proposals to edit to despen or display and increase and the core to proposals to edit to the core of the cor	10. FIELD AND POOL, OR WILDCAT		
At surface -			Wildcat
1033' FNL, 1067' FEL			11. BBC., I., E., M., OR BLE. AND SURVEY OR AREA
	i garaga ya kata kata kata kata kata kata kata	· ·	Sec. 16, T38S, R24E
14. API NUMBER 313141	15. BLEVATIONS (Show-whether D	F, RT, GR, etc.)	12. COUNTY OR PARISH 18. STATE
43-037 <del>-3161</del>	5422' GL; 5434	' KB	San Juan Utah
16. Check Ap	propriate Box To Indicate 1	Nature of Notice Report or	Other Data
	<u> </u>	1	
	· · · · · · · · · · · · · · · · · · ·		REPAIRING WELL
		1	ABANDONMENT* X
<del></del>	<del>  </del>	_	
(Other)		(Note: Report result	s of multiple completion on Well
17. DESCRIBE PROPOSED OR COMPLETED OPE proposed work. If well is directionent to this work.) *	RATIONS (Clearly state all pertiner nally drilled, give subsurface loca		
at 2000'. Could not Class "B" cement plug plug from surface to level. Installed dry	pull casing, and co from 1950' to 2250 100'. Dug out arou hole marker.	uld not circulate. '. Placed an 11.3 s nd wellhead. Cut of	Placed a 34 sack 300° ack 100° Class "B" cement f casing 3° below ground
*Please note the chang	e of address as sta	ted above.	
	,		
		•	
		•	
/1 1/1	4		
18. I hereby certify that the foregoing is	krue kad corress		
		Sr. Production Super	visor <sub>DATE</sub> 10/7/88
(ware space for Medicial At Digit am	<del></del>		
APPROVED BY	TITLE		DATE

## STATE O AH STATE O AH On reverse s On reverse s

SUBMIT IN DUP! (See other instruon reverse sit.

5. LEASE DESIGNATION AND SERIAL NO. DIVISION OF OIL, GAS, AND MINING State ML-40406 6. IF INDIAN, ALLOTTEE OR TRIBE NAME WELL COMPLETION OR RECOMPLETION N/A 1s. TYPE OF WELL: 7. UNIT AGREEMENT NAME b. TYPE OF COMPLETION: N/A WORK OVER WEILL S. FARM OR LEASE NAME 2. NAME OF OPERATOR Alkali Point State EP Operating Company 9. WELL NO. DIVISION OF 1-16 3. ADDRESS OF OPERATOR 6 Desta Drive, Suite 5250, Midland, TX 79705-01-16AS & MINING 10. FIELD AND POOL, OR WILDCAT 4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements). Wildcat At surface 1033' FNL & 1067' FEL 11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA At top prod. interval reported below Sec. 16, T38S, R24E At total depth 12. COUNTY OR 14. PERMIT NO. DATE ISSUED 43-037-3136 San Juan Utah 18. ELEVATIONS (DF, EKB, RT, GR, ETC.) | 19. ELEV. CASINGREAD 15. DATE SPUDDED 16. DATE T.D. REACHED | 17. DATE COMPL. (Ready to prod.) 5434 KB 6/14/88 6/29/88 20. TOTAL DEPTH. MD 4 TVD 21. PLUG. BACK T.D., MD & TVD 22. IF MULTIPLE COMPL., 23. INTERVALS DRILLED BY ROTARY TOOLS CABLE TOOLS 62791 6314 Burface-6314 24. PRODUCING INTERVAL(S), OF THIS COMPLETION-TOP, BOTTOM, NAME (MD AND 25. WAS DIRECTIONAL SUBVEY MADE P&A Desert Creek 6243'-6251' 1½° @ 6306' 26. TYPE ELECTRIC AND OTHER LOGS BUN 27. WAS WELL CORED mul Sonic/GR/Cal 2194'-Surf., DLL/MSFL/GR/SP/BHC 6315'-2200', LDT/CNL/GR6315'-4900' No CASING RECORD (Report all strings set in well) CASING SIZE CEMENTING RECORD WEIGHT, LE./FT. DEPTH SET (MD) HOLE SIZE AMOUNT PULLED 8-5/8" 11" 24# 2200 580 sx. Class B to Surf 5-1/2" 15.5# 6314' 7-7/8" 210 sx.Class H 1st stage 0 -415 sx. 50/50 Poz 2nd stag LINER RECORD 30. TUBING RECORD TOP (MD) RIZE. BOTTOM (MD) SACKS CEMENTS SCREEN (MD) SIZE DEPTH SET (MD) PACKER SET (MD) 31. FREYORATION RECORD (Interval, size and number) ACID. SHOT, FRACTURE, CEMENT SQUEEZE, ETC. Desert Creek 6243'-51', 4 SPF w/4" csg. gun AMOUNT AND KIND OF MATERIAL USED DEPTH INTERVAL (MD) 6243 -51 500 gals. 15% HCL, 5000 gals 28% HCL w/liquid N2 40-60% PRODUCTION WELL STATUS (Producing or shut-in) DATE FIRST PRODUCTION PRODUCTION METHOD (Flowing, gas lift, pumping-size and type of pump) N/A DATE OF TEST PROD'N. FOR TEST PERIOD HOURS TESTED CHOKE SIZE OIL-BBL. WATER-BBL. GAS-OIL BATIO PLOW. TUBING PRESS. CASING PRESSURE CALCULATED 24-BOUR RATE WATER-OIL GRAVITY-API (CORR.) -BBL. 34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) TEST WITNESSED BY 35. LIST OF ATTACHMENTS 36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records DATE \_11/16/88 TITLE Petroleum Engineer SIGNED

# INSTRUCTIONS

General: This form is designed for submitting a caughele and correct nell confidence and lagon of lands and leases to either a Federal agency or a State agency. Or both, pursuant to significable Federal and/or State laws and regulations. Any elemental loss concerning the use of this form and the number of copies to be authoritied, particularly with regard to local area, or regional procedures and regardles either are above below or will be issued by, or may be obtained from, the local Federal and/or State when the time this sammary record is submitted, while separate reports for separate completions. If not find prior to the time this submitted, and 24, and 33, below regardles separate reports for separate completions. If not find prior to the time this submitted, achies of all currently evaluable loge (dellibers, geologiste, sample and core analysis, all types electric, etc.), formution and pressure lessa, and the evaluate action of a stacked beautiful to a stead and or state are no applicable State requirements, locations on Pederal or Indias land should be described in accordance with Federal requirements. Consult local State was an applicable State requirements, locations on Pederal or Indias land should be described in accordance with Federal requirements.

or Federal office for specific instructions.

there 18: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments.

Here, 12 and 14: It this well a reference (where not otherwise shown is the standard of the sparate production from more than we fateryal zone (multiple completion), so state in item 24 and in item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval to item 38. Submit a separate report (page) on this form, adequately indentified, for each additional interval to be separately produced, showing the additional data pertinent to such interval.

Here, 19: "Sacks Cement", Attached supplemental records for this well show! show the details of any multiple stage cementing and the location of the cementing tool.

Here, 33: Submit a separate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 24 above.)

	_																			
		TRUB VRET. DEPTE													•	,				-
GEOLOGIC MARKERS	101	MEAS. DUPTH																		
DOTOMB					<del> ,</del>													A-7-2		
,								С	IL /	MI	) (			_						
38.	<u> </u>			-	<del></del> -		<b>37.</b>				ŀ	DR		+	-		JF	1		-
INTERVALS; AND ALL DRILL-STEM TESTS, INCLUDING HUT-IN PRESSURES, AND RECOVERIES												JR DT			_		LH LS			
	, BTC.	J. J.									1		45	C)FrC	) PAII	<u></u>				
ALL DE	ONTENT											5-	7.7	FIL		70				
F POROSITY AND CONTENTE THERMOF; CORED ON USED, TIME TOOL OPEN, FLOWING AND SE	DESCRIPTION, CONTENTS, STC.	DST #1 5/30/60/120	-	ΙЪ	FF 227	FSIP 428	Rec: 270' mud	17/02/05/05 # ±50	_	∞		2906	Rec: 30' O&HGCM 60' HGCM							
	MOLLOS																			
	701	59391						10709	7470										,	
\$1. SUMMARY OF POROUS ZONES: BHOW ALL IMPORTANT ZONES OF DEPTH INTERVAL TESTED, CUSH	FORMATION	Upper Ismay					<del> </del>	100 s	neser oreek											